
SENATE BILL 6092

State of Washington

57th Legislature

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By Senators Kohl-Welles, Costa and Oke; by request of Department of Revenue

Read first time 02/20/2001. Referred to Committee on Ways & Means.

1 AN ACT Relating to the exemption from taxation of housing for
2 very low-income households; amending RCW 84.36.560; and reenacting
3 and amending RCW 84.36.805.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 84.36.560 and 1999 c 203 s 1 are each amended to read
6 as follows:

7 (1) The real and personal property owned or used by a nonprofit
8 entity in providing rental housing for very low-income households
9 or used to provide space for the placement of a mobile home for a
10 very low-income household within a mobile home park is exempt from
11 taxation if:

12 (a) The benefit of the exemption inures to the nonprofit
13 ~~((organization, association, or corporation))~~ entity;

14 (b) At least seventy-five percent of the occupied dwelling
15 units in the rental housing or lots in a mobile home park are
16 occupied by a very low-income household~~((s))~~; and

17 (c) The rental housing ~~((was))~~ or lots in a mobile home park
18 were insured, financed, or assisted in whole or in part through:

1 (i) A federal or state housing program administered by the
2 department of community, trade, and economic development; or

3 (ii) An affordable housing levy authorized under RCW 84.52.105.

4 (2) If less than seventy-five percent of the occupied dwelling
5 units within the rental housing or lots in the mobile home park
6 are occupied by very low-income households, the rental housing
7 ((used to provide housing for very low income households)) or
8 mobile home park is eligible for a partial exemption on the real
9 property and a total exemption of the housing's or park's personal
10 property as follows:

11 (a) ~~((The))~~ A partial exemption shall be allowed for each
12 dwelling unit in the rental housing or for each lot in a mobile
13 home park occupied by a very low-income household((s)).

14 (b) The amount of exemption shall be calculated by multiplying
15 the assessed value of the property reasonably necessary to provide
16 the rental housing or to operate the mobile home park by a
17 fraction. The numerator of the fraction is the number of dwelling
18 units or lots occupied by very low-income households as of
19 December 31st of the first assessment year in which the rental
20 housing or mobile home park becomes operational or on January 1st
21 of ((the)) each subsequent assessment year for which the exemption
22 is claimed. The denominator of the fraction is the total number of
23 ((occupied)) dwelling units ((as of)) or lots occupied as of
24 December 31st of the first assessment year the rental housing or
25 mobile home park becomes operational and January 1st of ((the))
26 each subsequent assessment year for which exemption is claimed.

27 (3) ~~((Rental housing for very low income households is exempt~~
28 ~~from property taxation only if the nonprofit operating the housing~~
29 ~~is exempt from income tax under section 501(c) of the federal~~
30 ~~internal revenue code)) If a currently exempt rental housing unit
31 or mobile home lot was occupied by a very low-income household at
32 the time the exemption was granted, and the income of the
33 household subsequently rises above fifty percent of the median
34 income but remains at or below eighty percent of median income
35 adjusted for family size as most recently determined by the
36 federal department of housing and urban development for the county
37 in which the rental housing or mobile home park is located, the
38 exemption will continue as long as the housing continues to meet~~

1 the certification requirements of a very low-income housing
2 program administered by the department of community, trade, and
3 economic development or the affordable housing levy under RCW
4 84.52.105. However, if a dwelling unit or a lot becomes vacant and
5 is subsequently re-rented, the income of the new household must be
6 at or below fifty percent of the median income adjusted for family
7 size as most recently determined by the federal department of
8 housing and urban development for the county in which the rental
9 housing or mobile home park is located to remain exempt from
10 property tax.

11 (4) If at the time of initial application the property is
12 unoccupied, or subsequent to the initial application the property
13 is unoccupied because of renovations, and the property is not
14 currently being used for the exempt purpose authorized by this
15 section but will be used for the exempt purpose within two
16 assessment years, the property shall be eligible for a property
17 tax exemption for the assessment year in which the claim for
18 exemption is submitted under the following conditions:

19 (a) A commitment for financing to acquire, construct, renovate,
20 or otherwise convert the property to provide housing for very low-
21 income households has been obtained, in whole or in part, by the
22 nonprofit entity claiming the exemption from:

23 (i) A federal or state housing program administered by the
24 department of community, trade, and economic development; or

25 (ii) An affordable housing levy authorized under RCW 84.52.105;

26 (b) The nonprofit entity has manifested its intent in writing
27 to construct, remodel, or otherwise convert the property to
28 housing for very low-income households; and

29 (c) Only the portion of property that will be used to provide
30 housing or lots for very low-income households shall be exempt
31 under this section.

32 ~~((4))~~ (5) To be exempt under this section, the property must
33 be used exclusively for the purposes for which the exemption is
34 granted, except as provided in RCW 84.36.805.

35 ~~((5))~~ (6) The nonprofit entity qualifying for ((the)) a
36 property tax exemption under this section ((by providing rental
37 housing for very low-income households)) may agree to make
38 payments to the city, county, or other political subdivision for

1 improvements, services, and facilities furnished by the city,
2 county, or political subdivision for the benefit of the rental
3 housing. However, these payments shall not exceed the amount last
4 levied as the annual tax of the city, county, or political
5 subdivision upon the property prior to exemption.

6 ~~((6))~~ (7) As used in this section:

7 (a) "Group home" means a single-family dwelling financed, in
8 whole or in part, by the department of community, trade, and
9 economic development or by an affordable housing levy under RCW
10 84.52.105. The residents of a group home shall not be considered to
11 jointly constitute a household, but each resident shall be
12 considered to be a separate household occupying a separate
13 dwelling unit. The individual incomes of the residents shall not be
14 aggregated for purposes of this exemption;

15 (b) "Mobile home lot" or "mobile home park" means the same as
16 these terms are defined in RCW 59.20.030;

17 (c) "Occupied dwelling unit" means a living unit that is
18 occupied by an individual or household as of December 31st of the
19 first assessment year the rental housing becomes operational or is
20 occupied by an individual or household on January 1st of ~~((the))~~
21 each subsequent assessment year in which the claim for exemption
22 is submitted. If the housing facility is comprised of three or
23 fewer dwelling units and there are any unoccupied units on January
24 1st, the department shall base the amount of the exemption upon
25 the number of occupied dwelling units as of December 31st of the
26 first assessment year the rental housing becomes operational and
27 on May 1st of each subsequent assessment year in which the claim
28 for exemption is submitted;

29 ~~((b))~~ (d) "Rental housing" means a residential housing
30 facility or group home that is occupied but not owned by very low-
31 income households;

32 ~~((e))~~ (e) "Very low-income household~~((s))~~" means a single
33 person, family, or unrelated persons living together whose income
34 is at or below fifty percent of the median income adjusted for
35 family size as most recently determined by the federal department
36 of housing and urban development for the county in which the
37 rental housing is located and in effect as of January 1st of the
38 year the application for exemption is submitted; and

1 (~~(d)~~) (f) "Nonprofit entity" means a:
2 (i) Nonprofit as defined in RCW 84.36.800 (~~and includes a~~)
3 that is exempt from income tax under section 501(c) of the federal
4 internal revenue code;

5 (ii) Limited partnership where (~~the~~) a nonprofit (~~or~~) as
6 defined in RCW 84.36.800 that is exempt from income tax under
7 section 501(c) of the federal internal revenue code, a public
8 corporation established under RCW 35.21.660, 35.21.670, (~~and~~) or
9 35.21.730, a housing authority created under RCW 35.82.030 or
10 35.82.300, or a housing authority meeting the definition in RCW
11 35.82.210(2)(a) is a general partner(~~er~~)i or (~~a~~)

12 (iii) Limited liability company where (~~the~~) a nonprofit (~~or~~
13 the)) as defined in RCW 84.36.800 that is exempt from income tax
14 under section 501(c) of the federal internal revenue code, a
15 public corporation established under RCW 35.21.660, 35.21.670, or
16 35.21.730, a housing authority established under RCW 35.82.030 or
17 35.82.300, or a housing authority meeting the definition in RCW
18 35.82.210(2)(a) is a managing member.

19 **Sec. 2.** RCW 84.36.805 and 1999 c 203 s 2 and 1999 c 139 s 3 are
20 each reenacted and amended to read as follows:

21 (1) In order to qualify for an exemption under this chapter and
22 RCW 84.36.560, the nonprofit organizations, associations, or
23 corporations must satisfy the conditions in this section.

24 (2) The property must be used exclusively for the actual
25 operation of the activity for which exemption is granted, unless
26 otherwise provided, and does not exceed an amount reasonably
27 necessary for that purpose, except:

28 (a) The loan or rental of the property does not subject the
29 property to tax if:

30 (i) The rents and donations received for the use of the portion
31 of the property are reasonable and do not exceed the maintenance
32 and operation expenses attributable to the portion of the property
33 loaned or rented; and

34 (ii) Except for the exemptions under RCW 84.36.030(4) and
35 84.36.037, the property would be exempt from tax if owned by the
36 organization to which it is loaned or rented;

1 (b) The use of the property for fund-raising activities does
2 not subject the property to tax if the fund-raising activities are
3 consistent with the purposes for which the exemption is granted.

4 (3) The property must be irrevocably dedicated to the purpose
5 for which exemption has been granted, and on the liquidation,
6 dissolution, or abandonment by said organization, association, or
7 corporation, said property will not inure directly or indirectly
8 to the benefit of any shareholder or individual, except a
9 nonprofit organization, association, or corporation which too
10 would be entitled to property tax exemption. This property need not
11 be irrevocably dedicated if it is leased or rented to those
12 qualified for exemption under this chapter or RCW 84.36.560 for
13 leased property, but only if under the terms of the lease or
14 rental agreement the nonprofit organization, association, or
15 corporation receives the benefit of the exemption.

16 (4) The facilities and services must be available to all
17 regardless of race, color, national origin or ancestry.

18 (5) The organization, association, or corporation must be duly
19 licensed or certified where such licensing or certification is
20 required by law or regulation.

21 (6) Property sold to organizations, associations, or
22 corporations with an option to be repurchased by the seller shall
23 not qualify for exempt status. This subsection does not apply to
24 property sold to a nonprofit entity, as defined in RCW
25 84.36.560(7), by:

26 (a) A nonprofit as defined in RCW 84.36.800 that is exempt from
27 income tax under section 501(c) of the federal internal revenue
28 code;

29 (b) A governmental entity established under RCW 35.21.660,
30 35.21.670, or 35.21.730;

31 (c) A housing authority created under RCW 35.82.030;

32 (d) A housing authority meeting the definition in RCW
33 35.82.210(2)(a); or

34 (e) A housing authority established under RCW 35.82.300.

35 (7) The department shall have access to its books in order to
36 determine whether the nonprofit organization, association, or
37 corporation is exempt from taxes under this chapter and RCW
38 84.36.560.

1 (8) This section does not apply to exemptions granted under RCW
2 84.36.020, 84.36.032, 84.36.250, and 84.36.260.

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